

Message Text

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DEPARTMENT PASS AMBASSADOR EILTS

EO 11652: GDS

TAGS: EAID EGEN USEGJC

SUBJECT: EMERGENCY ASSISTANCE FOR EGYPT: REVISED GOE STATEMENT
RE EGYPT'S FINANCIAL ASSISTANCE REQUIREMENTS

REF: STATE 143746

1. I INFORMED MINISTER OF FINANCE DR. ABU ISMAIL
JUNE 19 OF REACTION TO GOE STATEMENT RE FINANCIAL
ASSISTANCE REQUIREMENTS AS REDRAFTED. I EXPLAINED
THAT WE BELIEVED THAT STATEMENT, AS REDRAFTED, WOULD
PROBABLY NOT BE USEFUL EITHER FROM OUR VIEWPOINT
OR PERHAPS EVEN FROM EGPT'S. BY SPECIFYING SUCH A
HIGH "EMERGENCY AID" TARGET, WE WOULD RISK DEFEATING
PURPOSE OF BUILDING INTERNATIONAL CONFIDENCE IN
EGYPT'S FINANCIAL POSITION BECAUSE OF LIKELIHOOD
TOTAL AID WOULD NOT REACH THIS GOAL. WE EXPECTED,
HOWEVER, TO CONTINUE OUR EFFORTS WITH OTHER POTENTIAL
DONORS TO PUT TOGETHER A SUBSTANTIAL PACKAGE OF IMPORT-
FINANCING AID ON CONCESSIONAL TERMS.

2. I TOLD ABU ISMAIL THAT, WHILE WE UNDERSTOOD
EGYPT'S OBJECTIVE IN OBTAINING MAXIMUM AMOUNT OF
ASSISTANCE AS POSSIBLE, PARTICULARLY IN THEIR
NEGOTIATIONS WITH ARAB STATES, THIS WAS NOT BASIS
ON WHICH US AGREED TO EMERGENCY ASSISTANCE AND TO
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SEEK GENEROUS AND URGENT ACTION BY OTHER GOVERNMENTS.

3. WE THEREFORE THOUGHT IT BEST NOT TO CONTINUE THE EFFORT TO DRAFT AN AGREED STATEMENT. I TOLD HIM, HOWEVER, THAT USG WILL CONTINUE TO TRY TO OBTAIN FROM CONGRESS FUNDS TO PERMIT COMPLETION OF FY 76 PORTIONS OF ADDITIONAL CY 75 ASSISTANCE OF \$250 MILLION FOR EGYPTIAN IMPORT-FINANCING AND TO GO AHEAD IN JUNE WITH FIRST PART OF PROGRAM, NAMELY, CIP LOAN FROM FY 75 FUNDS. I STRESSED THAT ANY PREMATURE DISCLOSURE OF THIS FIGURE WOULD BE TROUBLESOME TO US BECAUSE OF OUR CONFRONTATION WITH CONGRESS OVER FY 76 ME PROGRAMS HAVE BEEN DEFERRED FOR SEVERAL WEEKS.

4. ABU ISMAIL WAS SOMEWHAT TAKEN ABACK BY MY PRESENTATION AND ASKED WHAT THE TOTAL AMOUNT OF US-ORGANIZED ASSISTANCE WOULD BE. HE RECALLED THAT "IT HAD BEEN AGREED AT SALZBURG" THAT THE WESTERN SHARE OF EGYPT'S NEEDS, TO BE CONTRIBUTED BY USG AND DONORS IT WOULD GATHER, WOULD BE \$1.5 BILLION. I TOLD HIM THAT I HAD NO REPORT CONFIRMING THIS AS A FACT. THE ONLY INFORMATION I HAD RELATED TO THE AMOUNTS WHICH UNDER SECRETARY ROBINSON HAD INDICATED WOULD BE SOUGHT FROM "CORE GROUP" OF DONORS PLUS ANY ADDITIONAL CONTRIBUTIONS THAT MIGHT BE OBTAINED FROM WESTERN COUNTRIES AND JAPAN. I SUGGESTED THAT AMBASSADOR EILTS MIGHT HAVE MORE LIGHT TO SHED ON THIS MATTER AFTER HIS RETURN. IN ANY EVENT, WE WERE PROCEEDING AHEAD WITH OUR EFFORTS TO DO THE BEST WE COULD TO PULL TOGETHER EMERGENCY ASSISTANCE FOR EGYPTIAN IMPORT-FINANCING. ABU ISMAIL SAID OKAY AND WE LEFT IT AT THAT.

5. COMMENT: I EXPECT THAT ABU ISMAIL WILL BE SEEKING TO OBTAIN FROM AMBASSADOR EILTS, UPON HIS RETURN, MORE SPECIFIC INDICATIONS OF COMMITMENTS FROM OTHER DONORS WITH WHOM US HAS BEEN IN CONTACT. HIS REITERATION OF THE \$1.5 BILLION FIGURE IS AGAIN CONFIRMATION OF HIS UNDERSTANDING USG UNDERTOOK COMMITMENT TO RAISE THIS AMOUNT. I DO NOT
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BELIEVE THAT ABU ISMAIL AND GOE WILL BE OVERLY CONCERNED AT NON-USE OF STATEMENT, BUT HE, AT LEAST, WILL BE QUITE CONCERNED OVER PROSPECTS THAT HE MAY NOT BE ABLE TO OBTAIN ALL THE FINANCIAL ASSISTANCE GOE DESIRES TO ENABLE IT TO CONVERT MOST OF SHORT TERM OBLIGATIONS INTO MEDIUM AND LONG-TERM CREDITS AND STILL MEET IS IMPORT GOALS.
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